

WHAT YOU NEED TO KNOW

ABOUT HOA INSURANCE

UTAH LAW TITLE 57 CHAPTER 8

Mandates changes in most HOA community insurance plans.

Reason/Rational - To eliminate all gray areas in relationship to claims between the individual unit owner's policy (H06) and the Master HOA policy.

Effective date – All policies renewing on or after July 1, 2011.

MASTER HOA POLICY COVERAGE REQUIREMENTS FOR ALL COVERED PERILS:

- Entire building inside and out will be covered
- With betterments & improvements. (Documentation is Recommended)

UNIT OWNERS COVERAGE REQUIREMENTS / SUGGESTIONS:

- Building coverage to at least cover the deductible amount of the HOA policy
- Personal property coverage for all personal belongings
- Additional personal liability coverage

CLAIMS DISCUSSION / HOW IT WORKS

When a claim occurs, the Master HOA Policy will be primary and the unit owner's policy (H06) will be secondary. The Master HOA policy will cover the claim and the unit owner's policy will cover the deductible amount of the HOA policy. The deductible will be determined by the board of directors for the HOA. If a claim occurs smaller than the HOA deductible, then the unit owner policy is primary and there is no claim filed on the HOA policy. **If you do not have a unit owners policy (HO6) in force to cover the deductible, the responsibility of paying the deductible will fall on you personally.**

CLAIM EXAMPLES:

Example 1 - A unit owner has a kitchen fire with \$50,000 in damage - the Master HOA policy will cover all the damage less the deductible of \$10,000.00.

$\$50,000.00 - 10,000.00 = \$40,000.00$ paid by the Master HOA policy, The unit owners policy is required to cover the deductible amount, in this case \$10,000.00

Example 2 - A waterline breaks causing \$4,000.00 damage to the unit owner's kitchen floor. The Master HOA policy deductible is \$10,000.00. In this case the unit owner's policy (HO6) becomes primary - There would be no claim filed on the HOA Policy.

Note that if more than one unit owner is affected, the deductible would be split by percentage of damage to each unit.

WHAT YOU NEED TO DO AS A UNIT OWNER

KNOW THE DEDUCTIBLE

Know the deductible amount of the HOA policy. To find out what your association's insurance deductible is, go to www.northhoa.com and find your association.

CONTACT YOUR INSURANCE AGENT

Contact your individual insurance agent and tell them the following:

- You need building coverage to be the amount of the HOA policy deductible at a minimum. My HOA's insurance deductible is _____
- Review your personal property coverage and make sure it is adequate to cover all of your personal belongings.
- Some endorsements we recommend that you discuss with your agent are:
 - ◆ Sewer Back Up
 - ◆ Loss Assessment Endorsement
 - ◆ Earthquake Endorsement
 - ◆ Earthquake Loss Assessment Endorsement

**BY DOING THIS YOU WILL ENSURE YOU HAVE ADEQUATE COVERAGE FOR BOTH
THE INSIDE AND OUTSIDE OF THE UNIT.**

If you have questions or if you do not have an individual unit owner policy (HO6) or would like a quote, please contact your trusted insurance provider.

You can find the contact information for your HOA's insurance provider at www.northhoa.com.